

SAMPLE COMMUNITY COLLEGE

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

JUNE 30, 2015

Office of

**AUDITOR
OF STATE**

State Capitol Building • Des Moines, Iowa



Mary Mosiman, CPA
Auditor of State



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Fellow CPAs:

This sample report is presented by the Office of Auditor of State as required by Chapter 11.6 of the Code of Iowa. In developing this report, we have made every effort to ensure the highest professional standards have been followed while attempting to provide meaningful and useful information to the citizens, our ultimate client.

Audits of community colleges should be performed in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and, if applicable, the Single Audit Act Amendments of 1996 and Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

This sample report has been prepared in conformity with U.S. generally accepted accounting principles and conforms to guidelines provided in Governmental Accounting and Financial Reporting Standards published by the Governmental Accounting Standards Board.

The format displays the basic financial statements, required and supplementary information and the Schedule of Findings and Questioned Costs which are necessary to meet the requirements of this Office. The detail presented in the financial statements and supplementary information is the minimum breakdown that will be acceptable subject, of course, to materiality considerations. If the auditor and the community college feel more detail is necessary to provide a fair presentation, this of course will be welcome. A sample such as this cannot present all situations which you may encounter, so the auditor's professional judgment must be used in determining the additional information to be shown as well as the footnotes to be presented.

Community colleges with \$500,000 or more of federal expenditures are required to receive a Single Audit in accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Any questions concerning Single Audit requirements should be directed to the Iowa Department of Education or the U.S. Department of Education:

Iowa Department of Education
Division of Community Colleges
Grimes Building
400 East 14th Street
Des Moines, IA 50319-0146
(515) 281-4729

Office of Inspector General
United States Department of Education
8930 Ward Parkway, Suite 2401
Kansas City, MO 64114-3302
(816) 268-0500

In accordance with OMB Circular A-133, the reporting package and Data Collection Form shall be submitted to the central clearinghouse the earlier of 30 days after issuance of the audit report or 9 months after the reporting period. The Office of Management and Budget has designated the United States Department of Commerce, Bureau of the Census as the Single Audit Clearinghouse. The Data Collection Form and reporting package must be submitted using the Clearinghouse's Internet Data Entry System at <https://harvester.census.gov/facweb/>. The system requires the reporting package be uploaded in a single PDF file. Both the auditee and auditor contacts receive automated e-mails from the Federal Audit Clearinghouse as verification of the submission. In addition, reporting packages or notifications of audit should be submitted to grantor pass-through entities in accordance with the filing requirements of the Circular.

In December 2008, the Securities and Exchange Commission adopted an amendment to its Rule 15c2-12 governing ongoing disclosure by municipalities to the bond markets. The amendment was effective July 1, 2009 and widened those issuers subject to the ongoing filing requirements and now virtually any municipality which issues more than one million dollars of securities per issue is subject to an ongoing filing responsibility. The amendment requires, in part, all continuing disclosure submissions must be provided to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system. In addition, submissions must be in an electronic format (PDF) and, effective January 1, 2010, such filings must be in a word-searchable PDF (not scanned) format.

The findings on compliance, items IV-A-15 through IV-I-15, detail those items which are to be included regardless of whether there are any instances of non-compliance or not. Any instances of non-compliance in other areas should also be reported.


We have also included a page for listing the staff actually performing the audit. Although we have found this page to be helpful, you are not required to use it.

The results of the audit of the community college student enrollment Schedule of Credit and Contact Hours (Schedule 8) is required to be submitted to the Iowa Department of Education by November 1, 2014. The results may be submitted to the Department as part of the released audit or, if the audit has not been completed and released, with a letter certifying the results of the audit procedures performed.

As required by Chapter 11 of the Code of Iowa, the news media are to be notified of the issuance of the audit report by the CPA firm, unless the firm has made other arrangements with the community college for the notification. We have developed a standard news release to be used for this purpose. The news release may be completed by the community college and a copy should be sent to this Office with two copies of the audit report sent by the CPA firm. Report filing requirements are detailed on the attached listing. We will make a copy of the audit report and news release available to the news media in this Office.

In accordance with Chapter 11 of the Code of Iowa, this Office is to be notified immediately regarding any suspected embezzlement, theft or other significant financial irregularities.

Finally, I would like to express my appreciation to all CPA firms who are providing audit or other services to community colleges. Together, we are able to provide a significant benefit to all taxpayers in the State.


MARY MOSIMAN, CPA
Auditor of State

Paper Copy Submission

Two paper copies of the audit report, including the management letter(s) if issued separately, are required to be filed with this Office upon release to the Community College within nine months following the end of the fiscal year subject to audit. In addition to the copies of the audit report, a copy of the CPA firm's per diem audit billing, including total cost and hours, and a copy of the news release or media notification should be sent to:

Office of Auditor of State
State Capitol Building
Room 111
1007 East Grand Avenue
Des Moines, Iowa 50319-0001

Electronic Submission

The Community College or CPA firm must also e-mail a PDF copy of the audit report to the Auditor of State's Office at:

SubmitReports@auditor.state.ia.us

If you are unable to e-mail the file, you may mail a CD containing the PDF file to this Office. You may direct any questions about submitting the electronic copy of the audit report to the above e-mail address.

An electronic (PDF format) copy of the audit report, including the management letter(s) if issued separately, should also be filed with the Iowa Department of Education. Each report should be submitted by e-mail attachment to ED.Audit@iowa.gov. For more information, call (515) 281-5293.

Filing Fee Submission

The filing fee should be mailed separately to:

Office of Auditor of State
PO Box 333
Des Moines, Iowa 50302-0333

The designated budget strata and applicable filing fees are as follows:

Budgeted Expenditures in Millions of Dollars	Filing Fee Amount
Under 1	\$100.00
At least 1 but less than 3	\$175.00
At least 3 but less than 5	\$250.00
At least 5 but less than 10	\$425.00
At least 10 but less than 25	\$625.00
25 and over	\$850.00

Sample Community College

Outline of Major Changes

- A. Implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions made subsequent to the Measurement Date – an Amendment of GASB Statement No. 68. The following changes have been made to the sample report.
- Amended Exhibits A, B, D and F as a result of recognition of pension expense in accordance with GASB Statement No. 68.
 - Revised the following note disclosures – Summary of Significant Accounting Policies (Note 1), Long-Term Liabilities (Note 6) and Pension Plan (Note 8).
 - Included a note disclosure (Note 14) for the restatement of the beginning net pension liability.
 - Included the following Required Supplementary Information – Schedule of the College's Proportionate Share of the Net Pension Liability, Schedule of College Contributions and Notes to Required Supplementary Information – Pension Liability.

Additional Notes

1. Also attached are a sample Corrective Action Plan for Federal Audit Findings (See **Sample A**) and a sample Summary Schedule of Prior Federal Audit Findings (See **Sample B**). These are provided for illustrative purposes only and are not required to be bound in the regular audit or filed with our Office.
2. The attached sample Corrective Action Plan refers the user to the College's response to the auditor's comment for the detailed corrective action planned. If the College's response to the auditor's comment does not include the details of its planned corrective action, this information should be included in the Corrective Action Plan itself.
3. If the College has deposits in credit unions at June 30, 2015, Note 2 should be modified to indicate whether the deposits were covered by federal depository insurance, collateralized with securities or letters of credit held by the College or the College's agent in the College's name or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.
4. If the College participates in the Iowa School Cash Anticipation Program (ISCAP), an example footnote is included in the Sample Community School District sample report.
5. Following is an example footnote for an early retirement or other benefit plan or policy which meets the definition of a "termination benefit" as defined by GASB Statement No. 47.

Sample Note – Termination Benefits

The College offers a voluntary early retirement plan to its employees. Eligible employees must have completed at least fifteen years of full-time service to the College and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Directors and no more than five employees per year will be granted benefits under the policy.

Early retirement benefits are equal to 60% of the employee's regular contractual salary in effect during the employee's last year of employment, with a maximum retirement benefit of \$30,000.

Early retirement benefits will be paid in three equal installments in January following the start of retirement. The second payment will be paid the following July and the third and final payment shall be paid during July of the next year.

At June 30, 2015, the College has obligations to ten participants with a total liability of \$171,285. Actual early retirement expenditures for the year ended June 30, 2015 totaled \$125,534.

6. If the College participates in an early retirement plan which meets the definition of a "pension plan" as defined by GASB Statement No. 27, as amended by GASB Statement No. 50 and GASB Statement No. 68, footnote disclosure and required supplementary information should follow the appropriate guidance.
7. If the College did not implement accounting manual changes during fiscal year 2014 which are officially in effect for fiscal year 2015, then a restatement moving certain federal grant programs (Perkins and Adult Education and Family Literacy Act (AEFLA)) from Fund 1 Unrestricted General Fund to Fund 2 Restricted General Fund will be necessary for fiscal year 2015.

Sample B**Additional Notes (continued)**

Sample Entity

Corrective Action Plan for Federal Audit Findings

Year Ended June 30, 2015

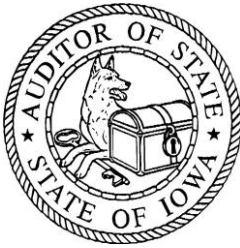
Comment Number	Comment Title	Corrective Action Plan	Contact Person, Title, Phone Number	Anticipated Date of Completion
2015-001	Unsupported Expenditures	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Tom Claim, Sample Entity Administrator, (515) YYY-XXXX	Documentation to support expenditures will be maintained effective immediately. The questioned costs were returned to the Iowa Economic Development Authority on October 14, 2015.
2015-002	Segregation of Duties over Federal Revenues	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Julie Ledger, Sample Entity Treasurer, (515) YYY-XXXX	October 31, 2015
2015-003	Financial Reporting	As noted in our response to the auditor's comment, we have implemented an independent review process which requires review by the Sample Entity Program Director, effective immediately. In addition, beginning with the December 2015 quarterly report, we will submit federal financial reports within the required time frame.	Joe Smith, Program Director, (515) YYY-XXXX	Review procedures have been implemented. Timely report filing will begin with the quarter ending December 2015.

Sample Entity

Summary Schedule of Prior Federal Audit Findings

Year ended June 30, 2015

Comment Reference	Comment Title	Status	If not corrected, provide planned corrective action or other explanation
III-C-12 III-B-13 2014-001	Minority Business Enterprise/ Women Business Enterprise (MBE/WBE)	No longer valid; does not warrant further action.	Over two years have passed since the reporting of this audit finding. The Grantor Agency has not followed up on this finding, nor has a management decision been issued on its part.
III-A-13 2014-002	Segregation of Duties over Federal Revenues	Not corrected.	Plan to segregate duties for custody, recordkeeping and reconciling among Sample Entity staff.
III-C-13 2014-003	Capital Assets	Corrective action taken.	
2014-004	Financial Reporting	Partially corrected.	Review procedures have been implemented. Timely report filing will begin with the quarter ending December 2015.



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STATE OF IOWA

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NEWS RELEASE

Contact:

FOR RELEASE _____

Auditor of State Mary Mosiman today released an audit report on Sample Community College in Premium City, Iowa.

The College's primary government operating revenues totaled \$_____ for the year ended June 30, 2015, a(n) _ % increase (decrease) from the prior year, and included \$_____ from tuition and fees, \$_____ from the federal government and \$_____ from auxiliary enterprises.

Operating expenses for the year ended June 30, 2015 totaled \$_____, a(n) _ % increase (decrease) from the prior year, and included \$_____ for salaries and benefits, \$_____ for services and \$_____ for materials and supplies.

Non-operating revenues totaled \$_____, including \$_____ from the state, \$_____ from property tax and \$_____ from interest income. Non-operating expenses totaled \$_____, consisting primarily of interest on indebtedness of \$_____. The College's net position increased \$_____ during the year.

This report contains recommendations to the Community College Board of Directors and other College officials. For example, _____
_____. The College has responded
_____.

A copy of the audit report is available for review in the Board Secretary's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/index.html>.

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JUNE 30, 2015

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Sample Community College

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Directors		
Marsha P. Edberg	President	2014
Joseph Dijon	Vice President	2016
C. Barrett Cheltsey	Member	2014
Duncan Delancy	Member	2014
Nicole E. Redmon	Member	2014
Jessica Valens	Member	2014
Diana S. Dante	Member	2016
Sandra D. Jamison	Member	2016
Davis S. Townsend	Member	2016

Community College

Dr. Elizabeth A. Rosecranz	President
Morris Cody	Business Manager and Board Secretary
William G. Whaley	Board Treasurer

Sample Community College



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STATE OF IOWA

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Des Moines, Iowa 50319-0004

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Independent Auditor's Report

To the Board of Directors of
Sample Community College:

Report on the Financial Statements

We have audited the accompanying financial statements of Sample Community College, Premium City, Iowa, and its aggregate discretely presented component units as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the College's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the component units of the Community College discussed in note 1, which represent 100% of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to those units, is based solely on the reports of the other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the component units were not audited in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Sample Community College and its aggregate discretely presented component units as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 14 to the financial statements, Sample Community College adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Schedule of the College's Proportionate Share of the Net Pension Liability, the Schedule of College Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 16 and 47 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Sample Community College's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 11, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of Sample Community College's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 24, 2015 on our consideration of Sample Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Sample Community College's internal control over financial reporting and compliance.

MARY MOSIMAN, CPA
Auditor of State

September 24, 2015

Sample Community College

MANAGEMENT'S DISCUSSION AND ANALYSIS

Sample Community College provides this Management's Discussion and Analysis of its annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- ◆ Operating revenues increased less than 1%, or approximately \$36,000, over fiscal year 2013. Tuition and fees and auxiliary enterprises revenues increased and federal appropriations decreased.
- ◆ Operating expenses were less than one percent or approximately \$16,000, more in fiscal year 2015 than in fiscal year 2014. Liberal arts and sciences, vocational technical, adult education and auxiliary enterprises increased, while cooperative services decreased.
- ◆ The College's net position decreased 17.9%, or approximately \$937,000, from June 30, 2015.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the College's financial activities.

The Basic Financial Statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information presents the College's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the individual funds. The Budgetary Comparison Schedule of Expenditures – Budget to Actual further explains and supports the financial statements with a comparison of the College's budget for the year. The Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the College.

REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES

The Statement of Net Position

The Statement of Net Position presents financial information on all of the College's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference

reported as net position. The Statement of Net Position is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the College to the readers of the financial statements. The Statement of Net Position includes year-end information concerning current and noncurrent assets, deferred outflows of resources, current and noncurrent liabilities, deferred inflows of resources and net position. Over time, readers of the financial statements will be able to determine the College's financial position by analyzing the increases and decreases in net position. This statement is also a good source for readers to determine how much the College owes to outside vendors and creditors. The statement also presents the available assets which can be used to satisfy those liabilities.

Net Position

	June 30	
	2015	2014 (Not restated)
Current and other assets	\$ 14,896,038	14,498,146
Capital assets, net of accumulated depreciation/amortization	11,381,466	10,644,548
Total assets	26,277,504	25,142,694
Deferred outflows of resources	388,704	-
Current liabilities	5,545,349	5,144,743
Noncurrent liabilities	13,501,413	12,166,216
Total liabilities	19,046,762	17,310,959
Deferred inflows of resources	3,323,076	2,598,000
Net position:		
Net investment in capital assets	4,565,405	3,063,487
Restricted	583,018	580,926
Unrestricted	(852,053)	1,589,322
Total net position	\$ 4,296,370	5,233,735

Comparison of Net Position

The largest portion of the College's net position is invested in capital assets (e.g., land, buildings, intangibles and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net position includes resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The remaining net position is the unrestricted net position which can be used to meet the College's obligations as they come due.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 was restated by \$2,324,423 to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position presented in the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues earned by the College, both operating and non-operating, the expenses incurred by the College, both operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College.

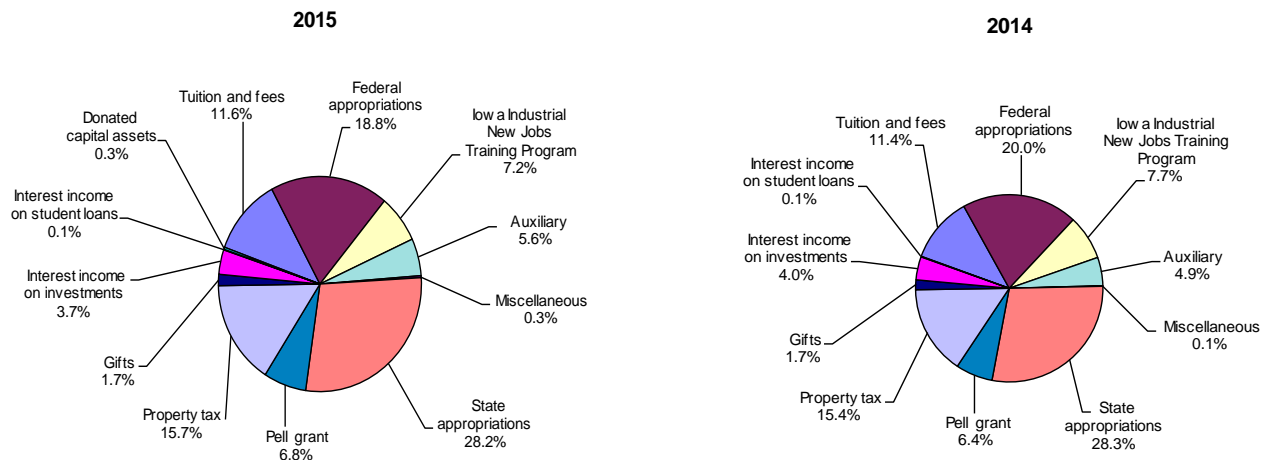
In general, a public college, such as Sample Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating revenues. Operating revenues are received for providing goods and services to the students, customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Non-operating both revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation/amortization, which allocates the cost of an asset over its expected useful life.

Changes in Net Position

	Year ended June 30,	
	2015	2014 (Not restated)
Operating revenues:		
Tuition and fees	\$ 2,028,326	1,968,263
Federal appropriations	3,297,372	3,444,981
Iowa Industrial New Jobs Training Program	1,256,690	1,322,532
Auxiliary	988,698	836,789
Miscellaneous	51,277	13,360
Total operating revenues	7,622,363	7,585,925
Total operating expenses	14,958,532	14,941,994
Operating loss	(7,336,169)	(7,356,069)
Non-operating revenues (expenses):		
State appropriations	4,949,771	4,882,394
Pell grant	1,197,307	1,100,000
Property tax	2,751,806	2,641,482
Gifts	289,662	287,993
Interest income on investments	642,905	684,335
Interest income on student loans	17,371	15,972
Donated capital assets	50,416	-
Loss on sale of capital assets	(5,766)	(10,247)
Interest expense	(1,170,245)	(1,492,628)
Net non-operating revenues	8,723,227	8,109,301
Changes in net position	1,387,058	753,232
Net position beginning of year, as restated	2,909,312	4,480,503
Net position end of year	\$ 4,296,370	5,233,735

The Statement of Revenues, Expenses and Changes in Net Position reflects a decrease of 17.9%, or approximately \$937,000 in net position at the end of the fiscal year.

Total Revenues by Source



In fiscal year 2015, operating revenues increased approximately \$36,000 (.5%). The increase was a result of the following changes:

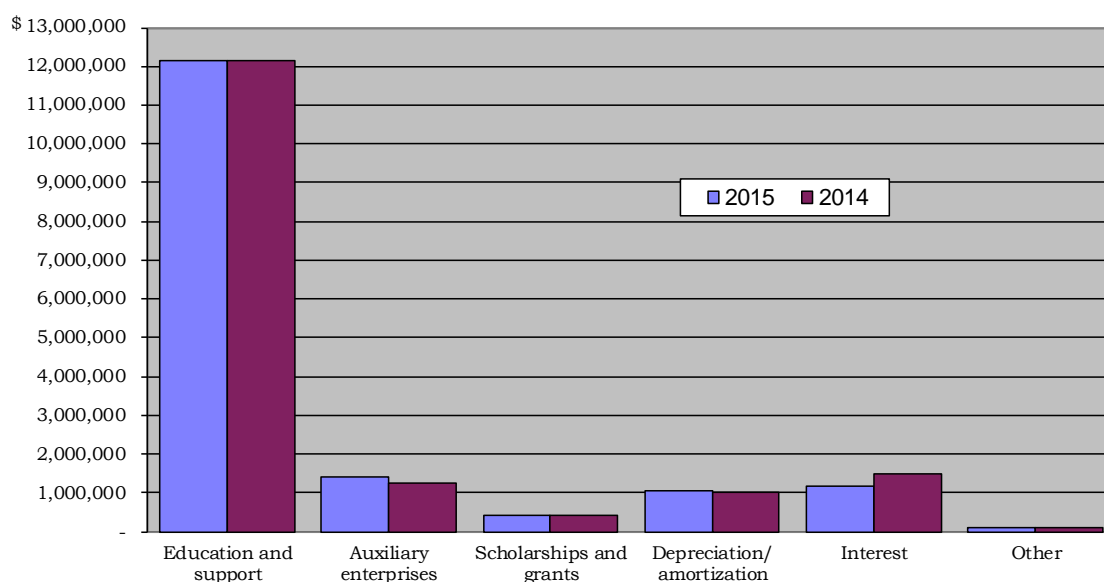
- ◆ Tuition and fees increased approximately \$60,000 due to a slight increase in the number of students.
- ◆ Although federal student financial aid programs increased due to the increase in students, federal appropriations overall decreased approximately \$148,000.
- ◆ Revenues from auxiliary enterprises increased approximately \$152,000, due partially to additional students purchasing books and supplies. The bookstore was expanded during the year to offer items for resale.

Operating Expenses

Table 3 - Operating Expenses

	Year ended June 30,	
	2015	2014
Education and support:		
Liberal arts and sciences	\$ 1,164,678	1,059,276
Vocational technical	3,450,415	3,595,175
Adult education	1,062,299	1,000,211
Cooperative services	3,030,273	3,267,636
Administration	514,318	493,400
Student services	666,547	666,437
Learning resources	157,412	149,990
Physical plant	1,221,373	1,235,648
General institution	716,851	682,082
Auxiliary enterprises	1,403,221	1,243,969
Scholarships and grants	434,681	422,924
Loan cancellations and bad debts	15,348	18,479
Administrative and collection costs	89,484	94,791
Depreciation/amortization	1,031,377	1,011,976
Total	\$ 14,958,277	14,941,994

Total Expenses



In fiscal year 2015, operating expenses increased slightly by approximately \$16,000 (<1%). The following factors explain some of the changes:

- ♦ Liberal arts and sciences, vocational technical and adult education, the three functions relating to student instruction, increased approximately \$23,000. This was due to increases in the number of students, personal services and expenses for postemployment benefits.
- ♦ Cooperative services decreased approximately \$237,000 as a result of smaller payments made to the companies participating in the Iowa Industrial New Jobs Training Program. These expenses are dependent on the needs of the participating companies.
- ♦ Expenses for auxiliary enterprises increased approximately \$159,000 due to the expansion of the bookstore and the number of students.

Statement of Cash Flows

The Statement of Cash Flows is an important tool in helping users assess the College's ability to generate future net cash flows, its ability to meet its obligations as they come due and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, non-capital financing, capital and related financing and investing activities.

Cash Flows

	Year ended June 30,	
	2014	2013
Cash provided (used) by:		
Operating activities	\$ (5,749,245)	(5,192,287)
Non-capital financing activities	8,897,372	8,301,982
Capital and related financing activities	(2,967,835)	(3,478,337)
Investing activities	660,276	698,326
Net increase in cash	840,568	329,684
Cash beginning of year	4,241,589	3,911,905
Cash end of year	\$ 5,082,157	4,241,589

Cash used by operating activities includes tuition, fees, operating grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations, pell grant, local property tax received by the College and the receipt and disbursement of federal direct loan program proceeds. Cash used by capital and related financing activities represents the proceeds from debt, the principal and interest payments on debt and the purchase of capital assets. Cash provided by investing activities includes investment income received.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the College had approximately \$11.4 million invested in capital assets, net of accumulated depreciation/amortization of approximately \$6.7 million. Depreciation expense/amortization totaled \$1,031,377 for fiscal year 2015. Details of capital assets are shown below.

Capital Assets, Net, at Year-End

	June 30,	
	2015	2014
Land	\$ 374,635	374,635
Buildings	7,106,990	6,978,255
Construction in progress	1,246,089	446,089
Other structures and improvements	343,855	328,895
Intangible assets	45,000	50,000
Equipment and vehicles	2,264,897	2,466,674
Total	\$ 11,381,466	10,644,548

Planned capital expenditures for the fiscal year ending June 30, 2015 and beyond includes the completion of the new academic building. The College will spend approximately \$125,000 on computer equipment and technology upgrades for the computer lab. The College also plans to repair/replace roofs on campus buildings at an estimated cost of \$75,000. More detailed information about the College's capital assets is presented in Note 4 to the financial statements.

Debt

At June 30, 2015, the College had approximately \$14.3 million of debt outstanding, a decrease of \$583,213 from June 30, 2014. The table below summarizes these amounts by type.

Outstanding Debt

	June 30,	
	2015	2014
Anticipatory warrants payable	\$ 2,662,000	2,375,538
Capital lease payable	356,061	425,736
Certificates payable	4,082,000	4,117,000
Notes payable	1,310,000	1,750,000
Bonds payable	5,850,000	6,175,000
Total	\$ 14,260,061	14,843,274

More detailed information about the College's outstanding debt is presented in Notes 5 and 6 to the financial statements.

ECONOMIC FACTORS

Sample Community College continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for College officials. Some of the realities which may potentially become challenges for the College to meet are:

- ◆ State aid for fiscal year 2016 was increased 2% from fiscal year 2015.
- ◆ Expenses will continue to increase. As the number of students increases, the costs associated with serving them continue to increase.
- ◆ Facilities at the College require constant maintenance and upkeep.
- ◆ Technology continues to expand and current technology becomes outdated, presenting an ongoing challenge to maintain up to date technology at a reasonable cost.

The College anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the College's ability to react to unknown issues.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Sample Community College, 5555 Main Street, Premium City, Iowa 55555.

Basic Financial Statements

Sample Community College

Statement of Net Position

June 30, 2015

	Primary Government	Component Units
Assets		
Current assets:		
Cash, cash equivalents and pooled investments	\$ 5,082,157	678,508
Receivables:		
Accounts, net of allowance for doubtful accounts of \$6,922	223,341	36,549
Pledges, net of allowance for doubtful pledges of \$19,215	-	237,992
Accrued interest	-	1,654
Property tax:		
Delinquent	126,000	-
Succeeding year	2,612,000	-
Notes, net of allowance for doubtful accounts of \$9,221	69,215	-
Iowa Industrial New Jobs Training Program	657,446	-
Due from Sample Community College Facilities Foundation	11,662	-
Due from other governments	2,195,789	-
Prepaid expenses	21,792	3,775
Inventories	339,163	-
Total current assets	11,338,565	958,478
Noncurrent assets:		
Pooled investments	450,752	522,162
Endowment investments	52,128	-
Receivables:		
Pledges, net of allowance for doubtful pledges of \$50,945	-	495,235
Notes, net of allowance for doubtful notes of \$77,736	217,031	-
Iowa Industrial New Jobs Training Program	2,837,562	-
Capital assets, net of accumulated depreciation/amortization	11,381,466	496,598
Total noncurrent assets	14,938,939	1,513,995
Total assets	26,277,504	2,472,473
Deferred Outflows of Resources		
Pension related deferred outflows	388,704	-

Sample Community College

Statement of Net Position

June 30, 2015

	Primary Government	Component Units
Liabilities		
Current liabilities:		
Accounts payable	539,855	228,247
Salaries and benefits payable	277,077	-
Due to Sample Community College	-	11,662
Contracts payable	210,870	-
Accrued interest payable	18,667	1,890
Anticipatory warrants payable	2,662,000	-
Accrued interest payable on anticipatory warrants	147,018	-
Advances from grantors	276,664	-
Advances from others	-	4,621
Compensated absences payable	126,454	-
Deposits held in custody for others	241,530	-
Capital lease payable	70,214	-
Certificates payable	210,000	-
Notes payable	440,000	16,410
Bonds payable	325,000	-
Total current liabilities	5,545,349	262,830
Noncurrent liabilities:		
Compensated absences payable	10,523	-
Capital lease payable	285,847	-
Certificates payable	3,872,000	-
Notes payable	870,000	35,010
Bonds payable	5,525,000	-
Net pension liability	1,864,524	-
Net OPEB liability	792,100	-
Refundable allowances on student loans	281,419	-
Total noncurrent liabilities	13,501,413	35,010
Total liabilities	19,046,762	297,840
Deferred Inflows of Resources		
Unavailable property tax revenue	2,612,000	-
Pension related deferred inflows	711,076	-
Total deferred inflows of resources	3,323,076	-
Net position		
Net investment in capital assets	4,565,405	445,178
Restricted:		
Nonexpendable:		
Scholarships and fellowships	52,128	501,239
Expendable:		
Scholarships and fellowships	1,106	254,139
Loans	17,963	-
Debt service	195,948	-
Cash reserve	263,719	-
Other	52,154	153,954
Unrestricted	(852,053)	820,123
Total net position	\$ 4,296,370	2,174,633

See notes to financial statements.

Exhibit B

Sample Community College
Statement of Revenues, Expenses and
Changes in Net Position

Year ended June 30, 2015

	Primary Government	Component Units
Operating revenues:		
Tuition and fees, net of scholarship allowances of \$922,625	\$ 2,028,326	-
Federal appropriations	3,297,372	-
Iowa Industrial New Jobs Training Program	1,256,690	-
Auxiliary enterprises, net of scholarship allowances of \$346,247	988,698	-
Contributions and pledges, net of doubtful pledges of \$48,553	-	598,423
Rental income and facility management	-	156,332
Royalties and commissions	-	86,559
Miscellaneous	51,277	2,642
Total operating revenues	7,622,363	843,956
Operating expenses:		
Education and support:		
Liberal arts and sciences	1,164,678	-
Vocational technical	3,450,670	-
Adult education	1,062,299	-
Cooperative services	3,030,273	-
Administration	514,318	-
Student services	666,547	-
Learning resources	157,412	-
Physical plant	1,221,373	-
General institution	716,851	-
Auxiliary enterprises	1,403,221	-
Scholarships and grants	434,681	-
Loan cancellations and bad debts	15,348	-
Administrative and collection costs	89,484	-
Facility operations	-	76,550
Program expenses	-	69,221
Management and general expenses	-	35,910
Fund raising expenses	-	32,910
Depreciation/amortization	1,031,377	22,869
Total operating expenses	14,958,532	237,460
Operating income (loss)	(7,336,169)	606,496

Sample Community College

Statement of Revenues, Expenses and
Changes in Net Position

Year ended June 30, 2015

	Primary Government	Component Units
Non-operating revenues (expenses):		
State appropriations	4,949,771	-
Pell grant	1,197,307	-
Property tax	2,751,806	-
Gifts from Sample Community College Facilities		
Foundation and Sample Community College Foundation	289,662	-
Additions to permanent endowment	-	32,000
Interest income on investments	642,905	21,286
Interest income on student loans	17,371	-
Other non-operating revenues	-	1,269
Gifts to Sample Community College	-	(289,662)
Donated capital assets	50,416	-
Gain (loss) on sale of capital assets	(5,766)	2,369
Interest on indebtedness	(1,170,245)	(1,965)
Net non-operating revenues (expenses)	<u>8,723,227</u>	<u>(234,703)</u>
Change in net position	1,387,058	371,793
Net position beginning of year, as restated	<u>2,909,312</u>	<u>1,802,840</u>
Net position end of year	<u><u>\$ 4,296,370</u></u>	<u><u>2,174,633</u></u>
See notes to financial statements.		

Sample Community College

Statement of Cash Flows

Year ended June 30, 2015

Cash flows from operating activities:	
Tuition and fees	\$ 1,976,768
Federal appropriations	3,336,036
Iowa Industrial New Jobs Training Program	1,608,813
Payments to employees for salaries and benefits	(7,853,035)
Payments to suppliers for goods and services	(3,222,243)
Payments to NJTP recipients	(903,791)
Scholarships	(434,681)
Payments to subrecipients	(1,243,191)
Loans issued to students	(98,000)
Loan collections from students	57,031
Auxiliary enterprises	975,771
Other receipts	51,277
Net cash used by operating activities	<u>(5,749,245)</u>
Cash flows from non-capital financing activities:	
State appropriations	4,949,771
Pell grant	1,197,307
Property tax	2,744,264
Gifts	287,066
Federal direct lending receipts	984,677
Federal direct lending disbursements	(984,677)
Proceeds from issuance of debt	140,000
Principal paid on debt	(175,000)
Interest paid on debt	(362,726)
Agency receipts	386,842
Agency disbursements	<u>(270,152)</u>
Net cash provided by non-capital financing activities	<u>8,897,372</u>
Cash flows from capital and related financing activities:	
Proceeds from issuance of debt	2,317,587
Proceeds from sale of capital assets	5,436
Acquisition of capital assets	(1,618,211)
Principal paid on debt and lease	(2,865,800)
Interest paid on debt and lease	<u>(806,847)</u>
Net cash used by capital and related financing activities	<u>(2,967,835)</u>
Cash flows from investing activities:	
Interest on investments	<u>660,276</u>
Net increase in cash	840,568
Cash and cash equivalents beginning of year	<u>4,241,589</u>
Cash and cash equivalents end of year	<u><u>\$ 5,082,157</u></u>

Sample Community College

Statement of Cash Flows

Year ended June 30, 2015

**Reconciliation of operating loss to net cash
used by operating activities:**

Operating loss	\$ (7,336,169)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation/amortization	1,031,377
Provisions for doubtful accounts	15,348
Increase in accounts receivable	(64,485)
Increase in notes receivable	(40,969)
Decrease in NJTP receivable	352,123
Increase in due from other governments	(26,549)
Increase in prepaid expenses	(3,254)
Increase in inventories	(25,316)
Decrease in accounts payable	(47,641)
Increase in salaries payable	13,194
Increase in advances from grantors/others	65,213
Increase in compensated absences payable	3,236
Decrease in net pension liability	(734,620)
Decrease in deferred outflows of resources	(113,983)
Increase in deferred inflows of resources	711,076
Increase in other postemployment benefits	380,600
Increase in early retirement payable	27,450
Increase in refundable allowances on student loans	44,124
Total adjustments	1,586,924
Net cash used by operating activities	\$ (5,749,245)

Noncash, capital and related financing activities:

The College received donated capital assets with a fair market value of \$50,416.

See notes to financial statements.

Exhibit D

Sample Community College

Statement of Net Assets
Component Units

June 30, 2015

	Sample Community College Facilities Foundation	Sample Community College Foundation	Total
Assets			
Current assets:			
Cash, cash equivalents and pooled investments	\$ 256,945	421,563	678,508
Receivables:			
Accounts	36,549	-	36,549
Pledges, net of allowance for doubtful pledges of \$19,215	-	237,992	237,992
Accrued interest	1,654	-	1,654
Prepaid expenses	1,256	2,519	3,775
Total current assets	296,404	662,074	958,478
Noncurrent assets:			
Cash and pooled investments	-	522,162	522,162
Pledges, net of allowance for doubtful pledges of \$50,945	-	495,235	495,235
Capital assets, net of accumulated depreciation	496,598	-	496,598
Total noncurrent assets	496,598	1,017,397	1,513,995
Total assets	793,002	1,679,471	2,472,473
Liabilities			
Current liabilities:			
Accounts payable	14,985	213,262	228,247
Due to Sample Community College	11,662	-	11,662
Accrued interest payable	1,890	-	1,890
Advances from others	4,621	-	4,621
Notes payable	16,410	-	16,410
Total current liabilities	49,568	213,262	262,830
Noncurrent liabilities:			
Notes payable	35,010	-	35,010
Total liabilities	84,578	213,262	297,840
Net assets			
Net investment in capital assets	445,178	-	445,178
Restricted:			
Nonexpendable:			
Scholarships and fellowships	-	501,239	501,239
Expendable:			
Scholarships and fellowships	-	254,139	254,139
Other	-	153,954	153,954
Unrestricted	263,246	556,877	820,123
Total net assets	\$ 708,424	1,466,209	2,174,633

See notes to financial statements.

Sample Community College
Statement of Revenues, Expenses and
Changes in Net Assets
Component Units

Year ended June 30, 2015

	Sample Community College Facilities Foundation	Sample Community College Foundation	Total
Operating revenues:			
Contributions and pledges, net of doubtful pledges of \$48,553	\$ -	598,423	598,423
Rental income and facility management	156,332	-	156,332
Royalties and commissions	86,559	-	86,559
Miscellaneous	2,642	-	2,642
Total operating revenues	245,533	598,423	843,956
Operating expenses:			
Facility operations	76,550	-	76,550
Program expenses	-	69,221	69,221
Management and general expenses	16,220	19,690	35,910
Fund raising expenses	-	32,910	32,910
Depreciation	22,869	-	22,869
Total operating expenses	115,639	121,821	237,460
Operating income	129,894	476,602	606,496
Non-operating revenues (expenses):			
Interest income on investments	8,621	12,665	21,286
Other non-operating revenues	-	1,269	1,269
Gain on sale of capital assets	2,369	-	2,369
Gifts to Sample Community College	(50,000)	(239,662)	(289,662)
Remittances to Sample Community College Facilities Foundation	-	(75,000)	(75,000)
Reimbursements from Sample Community College Foundation	75,000	-	75,000
Interest on indebtedness	(1,965)	-	(1,965)
Net non-operating revenues (expenses)	34,025	(300,728)	(266,703)
Income before additions to permanent endowments	163,919	175,874	339,793
Additions to permanent endowments	-	32,000	32,000
Change in net assets	163,919	207,874	371,793
Net assets beginning of year	544,505	1,258,335	1,802,840
Net assets end of year	\$ 708,424	1,466,209	2,174,633

See notes to financial statements.

Sample Community College

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

Sample Community College is a publicly supported school established and operated by Merged Area XX under the provisions of Chapter 260C of the Code of Iowa. Sample Community College offers programs of adult and continuing education, lifelong learning, community education and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. Sample Community College also offers up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Sample Community College maintains campuses in Premium City and Studentsville, Iowa, and has its administrative offices in Premium City. Sample Community College is governed by a Board of Directors whose members are elected from each director district within Merged Area XX.

The College's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Sample Community College has included all funds, organizations, agencies, boards, commissions and authorities. The College has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the College are such that exclusion would cause the College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the College.

These financial statements present Sample Community College (the primary government) and its component units. The component units discussed below are included in the College's reporting entity because of the significance of their operational or financial relationships with the College. Certain disclosures about the component units are not included because the component units have been audited separately and a report has been issued under separate cover. The audited financial statements are available at the College.

Discrete Component Units

Sample Community College Facilities Foundation is a legally separate not-for-profit foundation. The Facilities Foundation was established for the purpose of maintaining, developing and extending its facilities and services for the benefit of Sample Community College. The Facilities Foundation is governed by a Board of Directors who are appointed by the College. Although the College does not control the timing or amount of receipts from the Facilities Foundation, the majority of the resources held are used for the benefit of Sample Community College and its students. The address of the Facilities Foundation is 123 Foundation Street, Premium City, Iowa 55555.

Sample Community College Foundation is a legally separate, tax-exempt foundation. The Foundation was established for the purpose of maintaining, developing and extending its facilities and services for the benefit of Sample Community College. The Foundation is governed by a Board of Directors who are appointed by the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the resources held are used for the benefit of Sample Community College and its students. The address of the College Foundation is 5556 Main Street, Premium City, Iowa 55555.

The Foundations are non-profit organizations which report under accounting standards established by the Financial Accounting Standards Board (FASB). The Foundations' financial statements were prepared in accordance with the provisions of FASB No. 117, Financial Statements of Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundations' financial information in the College's financial reporting for these differences. The Foundations report net assets, which is equivalent to net position reported by the College. Copies of the Foundations' financial statements may be obtained by contacting the Foundations.

B. Basis of Presentation

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following net position categories/components:

Net Investment in Capital Assets - Capital assets, net of accumulated depreciation/amortization and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position:

Nonexpendable - Net position subject to externally imposed stipulations that they be maintained permanently by the College, including the College's permanent endowment funds.

Expendable - Net position whose use by the College is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Position - Net position not subject to externally imposed situations. Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic and general programs of the College.

GASB Statement No. 35 also requires the Statements of Net Position, Revenues, Expenses and Changes in Net Position and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the College. For the most part, the effect of interfund activity has been removed from these statements.

C. Measurement Focus and Basis of Accounting

For financial reporting purposes, Sample Community College is considered a special-purpose government engaged only in business type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the

College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Cash, Cash Equivalents and Pooled Investments – Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amount of cash and, at the day of purchase, have a maturity date no longer than three months.

Due from Other Governments – This represents state aid, grants and reimbursements due from the State of Iowa and grants and reimbursements due from the Federal government.

Inventories – Inventories are valued at lower of cost (first-in, first-out method) or market. The cost is recorded as an expense at the time individual inventory items are consumed.

Property Tax Receivable – Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the Board of Directors to the appropriate County Auditors. Delinquent property tax receivable represents unpaid taxes from the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Directors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Directors is required to certify its budget to the County Auditor by June 1 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2014 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

Capital Assets – Capital assets, which include land, buildings and improvements, intangibles, equipment and vehicles, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. No interest costs were capitalized since there were no qualifying assets.

Capital assets are defined by the College as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years:

<u>Asset Class</u>	<u>Amount</u>
Land, buildings and improvements	\$ 25,000
Intangible assets	25,000
Equipment and vehicles	5,000

Depreciation/amortization is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings and improvements	20-50
Intangibles	2-20
Equipment	2-20
Vehicles	3-10

The College does not capitalize or depreciate library books. The value of each book falls below the capital asset threshold and the balance was deemed immaterial to the financial statements.

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Advances from Grantors – Advances from grantors represents grant proceeds which have been received by the Community College, but will be spent in a succeeding fiscal year.

Advances from Others – Advances from others represents fees and rental payments received in the current fiscal year, but the revenues will not be earned until the following fiscal year.

Compensated Absences – College employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2015.

Refundable Allowances on Student Loans – The Perkins Federal Loan program requires a return of federal capital contribution if the United States Government terminates the program.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and

additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Auxiliary Enterprise Revenues – Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, food service, word processing, central stores and athletics.

Summer Session – The College operates summer sessions during May, June and July. Revenues and expenses for the summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the load study distributions supplied by the College Registrar.

Tuition and Fees – Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship and fellowship expenses.

Operating and Non-operating Activities – Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Position, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Non-operating activities include state appropriations; pell grants, property tax and interest income.

E. Scholarship Allowances and Student Aid

Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total College basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

(2) Cash, Cash Equivalents and Pooled Investments

The College's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2015, the College had the following investments:

Investment	Fair Value	Maturity
U.S. Treasury Note	<u>\$ 502,880</u>	December 2014

At June 30, 2015, the College had investments in the Iowa Schools Joint Investment Trust, as follows:

Investment	Amortized Cost
Diversified Portfolio	\$ 297,463
Direct Government Obligations Portfolio	<u>113,211</u>
Total	<u>\$ 410,674</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk - The College's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the College.

Credit risk - The College's investments in the Iowa Schools Joint Investment Trust at June 30, 2015 were rated AAAm by Standard & Poor's Financial Services.

(3) Inventories

The College's inventories at June 30, 2015 are as follows:

Type	Amount
Supplies and materials	\$ 63,118
Work in process	44,983
Merchandise held for resale	<u>231,062</u>
Total	<u>\$ 339,163</u>

(4) Capital Assets

Capital assets activity for the year ended June 30, 2015 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital assets not being depreciated/amortized:				
Land	\$ 374,635	-	-	374,635
Construction in progress	446,089	1,950,000	1,150,000	1,246,089
Total capital assets not being depreciated/amortized	820,724	1,950,000	1,150,000	1,620,724
Capital assets being depreciated/amortized:				
Buildings	10,252,767	336,791	-	10,589,558
Improvements other than buildings	549,463	42,618	-	592,081
Intangibles	100,000	-	-	100,000
Equipment and vehicles	4,782,519	600,088	249,771	5,132,836
Total capital assets being depreciated/amortized	15,684,749	979,497	249,771	16,414,475
Less accumulated depreciation/amortization				
Buildings	3,274,512	208,056	-	3,482,568
Intangibles	50,000	5,000	-	55,000
Improvements other than buildings	220,568	27,658	-	248,226
Equipment and vehicles	2,315,845	790,663	238,569	2,867,939
Total accumulated depreciation/amortization	5,860,925	1,031,377	238,569	6,653,733
Total capital assets being depreciated/amortized, net	9,823,824	(51,880)	11,202	9,760,742
Capital assets, net	\$ 10,644,548	1,898,120	1,161,202	11,381,466

Equipment and vehicles includes \$420,000 of assets acquired under a capital lease.

(5) Anticipatory Warrants

Anticipatory warrants are warrants which are legally drawn on College funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented for redemption.

During the year ended June 30, 2015, the College issued \$2,317,587 of anticipatory warrants at 4.25% interest per annum for building construction.

Anticipatory warrant activity for the year ended June 30, 2015 is as follows:

Fund	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year
Unrestricted	\$ 2,375,538	2,317,587	2,031,125	2,662,000

(6) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	Capital Lease	Certificates	Notes	Bonds	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year	\$ 425,736	4,117,000	1,750,000	6,175,000	2,599,144	411,500	15,478,380
Additions	-	140,000	-	-	-	511,600	651,600
Reductions	69,675	175,000	440,000	325,000	734,620	131,000	1,875,295
Balance end of year	\$ 356,061	4,082,000	1,310,000	5,850,000	1,864,524	792,100	14,254,685
Due within one year	\$ 70,214	210,000	440,000	325,000	-	-	1,045,214

Capital Lease

The College entered into an agreement to lease data processing equipment. The agreement is for a period of twelve years at an interest rate of 4.50% per annum. The lease expires in 2023 and also requires the payment of normal maintenance charges.

The following is a schedule by year of future minimum lease payments and the present value of net minimum lease payments under the agreement described above in effect at June 30, 2015:

Year Ending June 30,	Amount
2015	\$ 76,294
2016	76,294
2017	76,294
2018	65,412
2019	32,770
2020-2023	147,465
Total minimum lease payments	474,529
Less amount representing interest	(118,468)
Present value of net minimum lease payments	<u>\$ 356,061</u>

Payments under this agreement for the year ended June 30, 2015 totaled \$76,294.

Certificates Payable

In accordance with agreements dated between May 15, 2006 and March 11, 2015, the College issued certificates totaling \$5,642,000 with interest rates ranging from 3.75% to 7.80% per annum. The debt was incurred to fund the development and training costs related to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding tax, incremental property tax, budgeted reserves and, in the case of default, from standby property tax.

The certificates will mature as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 210,000	262,393	472,393
2016	256,000	246,118	502,118
2017	342,000	225,638	567,638
2018	398,000	197,423	595,423
2019	398,000	142,844	540,844
2020-2024	1,880,000	357,323	2,237,323
2025-2026	598,000	42,996	640,996
Total	\$ 4,082,000	1,474,735	5,556,735

Notes Payable

The College issued notes dated July 1, 2006 for the purchase and construction of College properties as allowed by Section 260C.19 of the Code of Iowa. Details of the College's outstanding notes at June 30, 2015 are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	4.00%	\$ 440,000	53,270	493,270
2016	4.10	440,000	35,670	475,670
2017	4.10	430,000	17,630	447,630
Total		\$ 1,310,000	106,570	1,416,570

Bonds Payable

The College issued bonds dated July 1, 2009 for the construction of the Career Technologies Building as allowed by Section 260C.19 of the Code of Iowa. Details of the College's June 30, 2015 bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	4.60%	\$ 325,000	379,325	704,325
2016	4.60	330,000	348,125	678,125
2017	4.70	330,000	316,445	646,445
2018	4.70	330,000	284,435	614,435
2019	4.80	340,000	252,425	592,425
2020-2024	4.80	1,500,000	1,068,040	2,568,040
2025-2029	4.80	1,375,000	488,570	1,863,570
2030-2034	4.80	1,170,000	57,250	1,227,250
2035-2038	4.80-5.30	150,000	8,725	158,725
Total		\$ 5,850,000	3,203,340	9,053,340

(7) Operating Leases

The College has leased various facilities within the area to house different divisions of the College. These leases have been classified as operating leases and, accordingly, all rents are expensed as incurred. The leases expire between 2015 and 2018 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects the leases will be renewed or replaced by other leases. The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2015:

Year Ending June 30,	Amount
2015	\$ 132,543
2016	125,543
2017	125,543
2018	114,291
Total	<u>\$ 497,920</u>

Rents for the year ended June 30, 2015 for all operating leases, except those with terms of a month or less which were not renewed, totaled \$132,543.

(8) Iowa Public Employees' Retirement System (IPERS)

Plan Description - IPERS membership is mandatory for employees of the College except for those covered by another retirement system. Employees of the College are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by IPERS. IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each

month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the College contributed 8.93 percent for a total rate of 14.88 percent.

The College's contributions to IPERS for the year ended June 30, 2015 were \$302,400.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the College reported a liability of \$1,864,524 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the College's collective proportion was 0.046071 percent, which was an increase of 0.000166 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the College recognized pension expense of \$141,273. At June 30, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,264	\$ -
Changes of assumptions	82,286	-
Net difference between projected and actual earnings on pension plan investments	-	711,076
Changes in proportion and differences between College contributions and proportionate share of contributions	7,354	-
College contributions subsequent to the measurement date	278,800	-
Total	<u>\$ 388,704</u>	<u>\$ 711,076</u>

\$278,800 reported as deferred outflows of resources related to pensions resulting from the College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ (152,091)
2017	(152,091)
2018	(152,090)
2019	(152,090)
2020	7,190
	<u>\$ (601,172)</u>

There are no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the College will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
College's proportionate share of the net pension liability	\$3,522,965	\$1,864,524	\$ 464,627

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan - At June 30, 2015, the College reported payables to the defined benefit pension plan of \$19,007 for legally required employer contributions and \$12,664 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(9) Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF)

The College contributes to the TIAA-CREF retirement program which is a defined contribution pension plan. TIAA-CREF administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed.

Benefit terms, including contribution requirements, for TIAA-CREF are established and specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa. For each employee in the pension plan, the College is required to contribute 8.93 percent of annual salary, including overtime pay, to an individual employee account. Each employee is required to contribute 5.95 percent. Contributions made by both employer and employee vest immediately. For the year ended June 30, 2015, employee contributions totaled \$39,883 and the College recognized pension expense of \$62,023.

At June 30, 2015, the College reported payables to the defined contribution pension plan of \$2,507 for legally required employer contributions and \$1,633 for legally required employee contributions which had been withheld from employee wages but not yet remitted to TIAA-CREF.

(10) Other Postemployment Benefits (OPEB)

Plan Description - The College operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 200 active and 12 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the College. The College currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The College's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Community College, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Annual required contribution	\$ 507,500
Interest on net OPEB obligation	20,575
Adjustment to annual required contribution	<u>(16,475)</u>
Annual OPEB cost	511,600
Contributions made	<u>(131,000)</u>
Increase in net OPEB obligation	380,600
Net OPEB obligation beginning of year	<u>411,500</u>
Net OPEB obligation end of year	<u>\$ 792,100</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the College contributed \$131,000 to the medical plan. Plan members eligible for benefits contributed \$124,500, or 49% of the premium costs.

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 307,400	20.6%	\$ 244,000
2013	507,500	18.9	411,500
2014	511,600	25.6	792,100

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$3.751 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.751 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$9,669,000 and the ratio of the UAAL to covered payroll was 38.8%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2014 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the College's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 6%. The medical trend rate is reduced 0.5% each year until reaching the 6% ultimate trend rate. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011. Projected claim costs of the medical plan are \$823 per month for retirees less than age 65 and \$283 per month for retirees who have attained age 65. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(11) Insurance Management Program for Area Community Colleges (IMPACC)

The College is a member of the Insurance Management Program for Area Community Colleges (IMPACC) as allowed by Chapter 504A of the Code of Iowa. IMPACC (Program) is a group self-insurance program whose five members are Iowa Community Colleges. The Program was incorporated in May 1988 for the purpose of managing and funding insurance for its members. The Program provides coverage and protection in the following categories: general liability, employee benefits liability, automobile liability, automobile physical damage, property and inland marine, wrongful acts and educators' legal liability, workers compensation and employer's liability, crime and employee fidelity, equipment breakdown (boiler and machinery), foreign liability and cyber liability. There have been no reductions in insurance coverage from prior years.

Each member's annual contributions to the Program fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Program's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year.

The College's contributions to the Program are recorded as prepaid expense from its operating funds at the time of payment. The College amortizes the expense over the periods for which the Program is expected to provide coverage.

The Program uses reinsurance to reduce its exposure to large losses. The Program has a self-insured retention of \$100,000 per occurrence for wrongful acts, employee benefits liability and educators' legal liability, \$250,000 per occurrence for workers compensation and employer's liability and \$200,000 per occurrence for most other claims. First layer excess insurance is \$800,000 per occurrence for property, general and automobile liability, \$900,000 per occurrence for wrongful acts, employee benefits liability and educators' legal liability and \$250,000 per occurrence for workers compensation. The Program's annual aggregate retention (loss fund) is \$860,000 with stop gap loss protection provided above the loss fund. There is additional excess insurance for workers' compensation to statutory limits and for liability claims to \$10,000,000 per occurrence. Property is insured with excess coverage over the self-insured retention and underlying layer of up to \$250,000,000 per occurrence. Flood and earthquake exposures are covered in the property program each having \$16,000,000 limits. Also covered is employee fidelity up to \$1,000,000 having a deductible of \$10,000 per member, boiler and machinery coverage up to \$100,000,000 with a deductible of \$10,000 per member loss, foreign travel coverage with limits of \$1,000,000, as well as cyber liability including identity theft protection up to \$1,000,000 annual aggregate per member with a deductible of \$25,000 per member loss.

The Program's intergovernmental contract with its members provides that in the event any claim or series of claims exceeds the amount of aggregate excess insurance, then payment of such claims shall be the obligation of the respective individual member. The College does not report a liability for losses in excess of reinsurance unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2015, no liability has been recorded in the College's financial statements. As of June 30, 2015, settled claims have not exceeded the Program's coverage in any of the past three fiscal years.

Members agree to continue membership in the Program for a period of not less than three full years. After such period, a member who has given sufficient notice, in compliance with the By-laws, may withdraw from the Program. Upon withdrawal, payments for all claims and claims expenses for the years of membership continue until all claims for those years are settled.

The College also carries commercial insurance purchased from other insurers for coverage associated with catastrophic, accidental death and dismemberment, and underground storage tanks. The College assumes liability for any deductibles and claims in excess of coverage limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(12) New Jobs Training Programs

The College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area XX in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property tax, budgeted reserves and in the case of default, from standby property tax. Since inception, the College has administered twenty-five projects, with six currently receiving project funding. The remaining nineteen projects have been completed, of which six are in the repayment process and thirteen have been fully repaid.

(13) Subsequent Events

Anticipatory Warrants – On July 16, 2015, the College issued anticipatory warrants for \$2,345,000. The debt was incurred as allowed by Chapter 74 of the Code of Iowa and must be repaid by July 13, 2016.

Iowa Industrial New Jobs Training Program (NJTP) – On August 20, 2015, the College issued certificates totaling \$810,000 for a NJTP project at Attorneysville, Iowa. The debt was incurred as allowed by Chapter 260E of the Code of Iowa and will mature beginning on August 17, 2016.

(14) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Net Position
Net position June 30, 2014, as previously reported	\$ 5,233,735
Net pension liability at June 30, 2014	(2,599,144)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	274,721
Net position July 1, 2014, as restated	<u>\$ 2,909,312</u>

Required Supplementary Information

Sample Community College

Sample Community College

Schedule of the College's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last Fiscal Year*
(In Thousands)

Required Supplementary Information

	<u>2015</u>
College's proportion of the net pension liability	0.046071%
College's proportionate share of the net pension liability	\$ 1,865
College's covered-employee payroll	\$ 3,076
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.63%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10 year trend is compiled, the College will present information for those years for which information is available.

Sample Community College

Schedule of College Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years
(In Thousands)

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	302	274	228	193
Contributions in relation to the statutorily required contribution	<u>(302)</u>	<u>(274)</u>	<u>(228)</u>	<u>(193)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
College's covered-employee payroll	\$ 3,379	3,076	2,637	2,393
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
151	133	113	96	85	79
<u>(151)</u>	<u>(133)</u>	<u>(113)</u>	<u>(96)</u>	<u>(85)</u>	<u>(79)</u>
-	-	-	-	-	-
2,168	2,008	1,784	1,595	1,480	1,371
6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

Sample Community College

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

Sample Community College

Schedule of Funding Progress
for the Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
2011	Jul 1, 2010	-	\$ 3,273	3,273	0.0 %	\$ 8,756	37.4%
2012	Jul 1, 2010	-	3,273	3,273	0.0	9,000	36.4
2013	Jul 1, 2012	-	3,512	3,512	0.0	9,224	38.1
2014	Jul 1, 2012	-	3,512	3,512	0.0	9,449	37.2
2015	Jul 1, 2014	-	3,751	3,751	0.0	9,669	38.8

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

Sample Community College

Supplementary information of the College is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenue and expenditures. The various fund groups and their designated purposes are as follows:

Current Funds – The Current Funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the College and consist of the following:

Unrestricted Fund – The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the College.

The Auxiliary Enterprises subgroup accounts for activities which are intended to provide non-instructional services for sales to students, staff and/or institutional departments, and which are supplemental to the educational and general objectives of the College.

Restricted Fund – The Restricted Fund is used to account for resources that are available for the operation and support of the educational program but which are restricted as to their use by donors or outside agencies.

Loan Funds – The Loan Funds are used to account for loans to students, and are financed primarily by the federal government.

Endowment Funds – The Endowment Funds are used to account for resources, the principal of which is maintained inviolate to conform with restrictions by donors or other outside agencies. Generally, only the income from these funds may be used.

Plant Funds – The Plant Funds are used to account for transactions relating to investment in the College properties, and consist of the following self-balancing accounts:

Unexpended – This account is used to account for the unexpended resources derived from various sources for the acquisition or construction of plant assets.

Retirement of Indebtedness – This account is used to account for the accumulation of resources for principal and interest payments on plant indebtedness.

Investment in Plant – This account is used to account for the excess of the carrying value of plant assets over the related liabilities.

Agency Funds – The Agency Funds are used to account for assets held by the College in a custodial capacity or as an agent for others. Agency Funds' assets equal liabilities.

The Budgetary Comparison Schedule of Expenditures – Budget to Actual provides a comparison of the budget to actual expenditures for those funds and/or levies required to be budgeted. Since the College uses Business Type Activities reporting, this budgetary comparison information is included as supplementary information.

Schedules presented in supplementary information are reported using the current financial resources measurement focus and the accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. The schedule of revenues, expenditures and changes in fund balances is a schedule of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses.

Sample Community College

Sample Community College
 Budgetary Comparison Schedule of Expenditures –
 Budget to Actual

Year ended June 30, 2015

Funds/Levy	Original Budget	Amended Budget	Actual	Variance between Actual and Amended Budget
Unrestricted	\$ 9,256,623	9,863,721	9,374,620	489,101
Restricted	2,986,536	2,986,536	1,567,210	1,419,326
Unemployment	27,000	27,000	7,945	19,055
Insurance	34,000	34,000	23,976	10,024
Early Retirement	104,000	104,000	98,700	5,300
Equipment Replacement	110,000	110,000	-	110,000
Total Restricted	3,261,536	3,261,536	1,697,831	1,563,705
Plant	1,846,358	1,846,358	1,222,291	624,067
Bonds and Interest	1,235,756	1,652,465	1,547,296	105,169
Total	\$ 15,600,273	16,624,080	13,842,038	2,782,042

Note to Budgetary Reporting:

The Board of Directors annually prepares a budget designating the proposed expenditures for operation of the College on a basis consistent with U.S. generally accepting accounting principles. Following required public notice and hearing, and in accordance with Chapter 260C of the Code of Iowa, the Board of Directors certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Workforce Improvement Act, Scholarships and Grants Accounts, Loan Funds, Endowment Funds and Agency Funds.

For the year ended June 30, 2015, the College's expenditures did not exceed the amount budgeted.

See accompanying independent auditor's report.

Sample Community College

Balance Sheet
All Funds

June 30, 2015

	Current Funds		Loan
	Unrestricted	Restricted	Funds
Assets			
Cash, cash equivalents and pooled investments	\$ 2,795,423	1,531,053	13,201
Receivables:			
Accounts (less allowance of \$6,922)	126,932	49,814	-
Property tax:			
Delinquent	30,000	7,000	-
Succeeding year	685,000	162,000	-
Notes (less allowance of \$77,736)	-	-	286,246
Iowa Industrial New Jobs			
Training Program	-	3,495,008	-
Due from other funds	29,825	-	-
Due from Sample Community College Facilities Foundation	11,662	-	-
Due from other governments	1,628,067	324,228	-
Prepaid expenses	21,792	-	-
Inventories	339,163	-	-
Capital assets:			
Land	-	-	-
Buildings	-	-	-
Construction in progress	-	-	-
Improvements other than buildings	-	-	-
Intangibles	-	-	-
Equipment and vehicles	-	-	-
Accumulated depreciation/amortization	-	-	-
Total assets	5,667,864	5,569,103	299,447
Deferred Outflows of Resources:			
Pension related deferred outflows	-	-	-
Total assets and deferred outflows of resources	\$ 5,667,864	5,569,103	299,447

Endowment Funds	Plant Funds			Agency Funds	Adjustments	Total
	Unex- pended	Retirement of Indebtedness	Investment in Plant			
52,128	1,043,844	140,615	-	8,773	-	5,585,037
-	46,595	-	-	-	-	223,341
-	15,000	74,000	-	-	-	126,000
-	245,000	1,520,000	-	-	-	2,612,000
-	-	-	-	-	-	286,246
-	-	-	-	-	-	3,495,008
-	-	-	-	-	(29,825)	-
-	-	-	-	-	-	11,662
-	-	-	-	243,494	-	2,195,789
-	-	-	-	-	-	21,792
-	-	-	-	-	-	339,163
-	-	-	374,635	-	-	374,635
-	-	-	10,589,558	-	-	10,589,558
-	-	-	1,246,089	-	-	1,246,089
-	-	-	592,081	-	-	592,081
-	-	-	100,000	-	-	100,000
-	-	-	5,132,836	-	-	5,132,836
-	-	-	-	-	(6,653,733)	(6,653,733)
52,128	1,350,439	1,734,615	18,035,199	252,267	(6,683,558)	26,277,504
-	-	-	-	-	388,704	388,704
52,128	1,350,439	1,734,615	18,035,199	252,267	(6,294,854)	26,666,208

Sample Community College

Balance Sheet
All Funds

June 30, 2015

	Current Funds		Loan
	Unrestricted	Restricted	Funds
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 363,820	169,895	65
Salaries and benefits payable	244,357	28,058	-
Accrued interest payable	-	-	-
Anticipatory warrants payable	2,266,000	396,000	-
Accrued interest payable on anticipatory warrants	121,250	25,768	-
Due to other funds	-	29,825	-
Advances from grantors	-	276,664	-
Compensated absences payable	55,063	81,914	-
Contracts payable	-	-	-
Deposits held in custody for others	-	-	-
Capital lease payable	-	-	-
Certificates payable	-	4,082,000	-
Notes payable	-	-	-
Bonds payable	-	-	-
Net pension liability	-	-	-
Net OPEB liability	-	-	-
Refundable allowances on student loans	-	-	281,419
Total liabilities	3,050,490	5,090,124	281,484
Deferred inflows of resources			
Succeeding year property tax	685,000	162,000	-
Pension related deferred inflows	-	-	-
	685,000	162,000	-
Fund balances:			
Net investment in capital assets	-	-	-
Restricted:			
Nonexpendable:			
Scholarships and fellowships	-	-	-
Expendable:			
Scholarships and fellowships	-	1,106	-
Loans	-	-	17,963
Debt service	-	-	-
Cash reserve	-	263,719	-
Other	-	52,154	-
Unrestricted	1,054,198	-	-
Auxiliary enterprises	878,176	-	-
Total fund balances	1,932,374	316,979	17,963
Total liabilities, deferred inflows of resources and fund balances	5,667,864	5,569,103	299,447

See accompanying independent auditor's report.

Endowment Funds	Plant Funds			Agency Funds	Adjustments	Total
	Unex- pended	Retirement of Indebtedness	Investment in Plant			
-	-	-	-	6,075	-	539,855
-	-	-	-	4,662	-	277,077
-	-	18,667	-	-	-	18,667
-	-	-	-	-	-	2,662,000
-	-	-	-	-	-	147,018
-	-	-	-	-	(29,825)	-
-	-	-	-	-	-	276,664
-	-	-	-	-	-	136,977
-	210,870	-	-	-	-	210,870
-	-	-	-	241,530	-	241,530
-	-	-	356,061	-	-	356,061
-	-	-	-	-	-	4,082,000
-	-	-	1,310,000	-	-	1,310,000
-	700,000	-	5,150,000	-	-	5,850,000
-	-	-	-	-	1,864,524	1,864,524
-	-	-	-	-	792,100	792,100
-	-	-	-	-	-	281,419
-	910,870	18,667	6,816,061	252,267	2,626,799	19,046,762
-	245,000	1,520,000	-	-	-	2,612,000
-	-	-	-	-	711,076	711,076
-	245,000	1,520,000	-	-	711,076	3,323,076
-	-	-	11,219,138	-	(6,653,733)	4,565,405
52,128	-	-	-	-	-	52,128
-	-	-	-	-	-	1,106
-	-	-	-	-	-	17,963
-	-	195,948	-	-	-	195,948
-	-	-	-	-	-	263,719
-	-	-	-	-	-	52,154
-	194,569	-	-	-	(2,938,261)	(1,689,494)
-	-	-	-	-	(40,735)	837,441
52,128	194,569	195,948	11,219,138	-	(9,632,729)	4,296,370
52,128	1,350,439	1,734,615	18,035,199	252,267	(6,294,854)	26,666,208

Sample Community College

Schedule of Revenues, Expenditures and
Changes in Fund Balances
All Funds

Year ended June 30, 2015

	Current Funds		Loan Funds
	Unrestricted	Restricted	
Revenues:			
General:			
State appropriations	\$ 4,615,534	334,237	-
Tuition and fees	2,950,951	-	-
Property tax	679,795	267,744	-
Federal appropriations	872,363	3,362,392	44,124
Interest on investments	188,425	53,951	1,546
Interest on student loans	-	-	17,371
Iowa Industrial New Jobs Training Program	-	1,256,690	-
Increase in plant investment due to donated plant assets	-	-	-
Increase in plant investment due to plant expenditures (including \$549,672 in current fund expenditures)	-	-	-
Increase in plant investment due to retirement of debt	-	-	-
Miscellaneous	150,448	91,977	3,179
	<u>9,457,516</u>	<u>5,366,991</u>	<u>66,220</u>
Auxiliary enterprises:			
Sales and services	1,509,308	-	-
Miscellaneous	71,569	-	-
	<u>1,580,877</u>	<u>-</u>	<u>-</u>
Total revenues	<u>11,038,393</u>	<u>5,366,991</u>	<u>66,220</u>

Endowment Funds	Plant Funds			Adjustments	Total
	Unex- pended	Retirement of Indebtedness	Investment in Plant		
-	-	-	-	-	4,949,771
-	-	-	-	(922,625)	2,028,326
-	242,179	1,562,088	-	-	2,751,806
-	215,800	-	-	-	4,494,679
-	383,395	15,588	-	-	642,905
-	-	-	-	-	17,371
-	-	-	-	-	1,256,690
-	-	-	50,416	-	50,416
-	-	-	1,729,081	(1,729,081)	-
-	-	-	860,101	(860,101)	-
5,056	135,447	-	-	(45,168)	340,939
5,056	976,821	1,577,676	2,639,598	(3,556,975)	16,532,903
-	-	-	-	(592,179)	917,129
-	-	-	-	-	71,569
-	-	-	-	(592,179)	988,698
5,056	976,821	1,577,676	2,639,598	(4,149,154)	17,521,601

Sample Community College

Schedule of Revenues, Expenditures and
Changes in Fund Balances
All Funds

Year ended June 30, 2015

	Current Funds		Loan Funds
	Unrestricted	Restricted	
Expenditures:			
Education and support:			
Liberal arts and sciences	1,206,348	-	-
Vocational technical	3,662,522	-	-
Adult education	1,040,887	-	-
Cooperative services	160,802	3,000,311	-
Administration	399,315	106,645	-
Student services	668,430	-	-
Learning resources	203,142	-	-
Physical plant	1,194,084	23,976	-
General institution	744,534	131,393	-
Total education and support	9,280,064	3,262,325	-
Auxiliary enterprises	1,504,607	-	-
Scholarships and grants	-	1,635,549	-
Loan cancellations and bad debts	-	-	15,348
Administrative and collection costs	-	-	47,515
Plant asset acquisitions	-	-	-
Retirement of indebtedness	-	-	-
Disposal of plant assets	-	-	-
Interest on indebtedness	94,556	388,494	-
Depreciation	-	-	-
Loss on sale of capital assets	-	-	-
Total expenditures	10,879,227	5,286,368	62,863
Excess (deficiency) of revenues over (under) expenditures	159,166	80,623	3,357
Transfers:			
Mandatory transfers	(7,787)	-	7,787
Non-mandatory transfers	93,516	(115,166)	-
Total transfers	85,729	(115,166)	7,787
Net	244,895	(34,543)	11,144
Fund balances beginning of year	1,687,479	351,522	6,819
Fund balances end of year	\$ 1,932,374	316,979	17,963

See accompanying independent auditor's report.

Endowment Funds	Plant Funds			Adjustments	Total
	Unex- pended	Retirement of Indebtedness	Investment in Plant		
-	-	-	-	(29,791)	1,176,557
-	-	-	-	(176,594)	3,485,928
-	-	-	-	32,247	1,073,134
-	-	-	-	(99,932)	3,061,181
-	-	-	-	13,604	519,564
-	-	-	-	4,916	673,346
-	-	-	-	(44,124)	159,018
-	-	-	-	15,771	1,233,831
-	-	-	-	(289,291)	586,636
-	-	-	-	(573,194)	11,969,195
-	-	-	-	(87,073)	1,417,534
-	-	-	-	(1,200,868)	434,681
-	-	-	-	-	15,348
-	42,882	-	-	-	90,397
-	1,179,409	-	-	(1,179,409)	-
-	-	860,101	-	(860,101)	-
-	-	-	249,771	(249,771)	-
-	-	687,195	-	-	1,170,245
-	-	-	-	1,031,377	1,031,377
-	-	-	-	5,766	5,766
-	1,222,291	1,547,296	249,771	(3,113,273)	16,134,543
5,056	(245,470)	30,380	2,389,827	(1,035,881)	1,387,058
-	-	-	-	-	-
-	21,650	-	-	-	-
-	21,650	-	-	-	-
5,056	(223,820)	30,380	2,389,827	(1,035,881)	1,387,058
47,072	418,389	165,568	8,829,311	(8,596,848)	2,909,312
52,128	194,569	195,948	11,219,138	(9,632,729)	4,296,370

Sample Community College

Schedule of Revenues, Expenditures and Changes in Fund Balances
Unrestricted Fund
Education and Support

Year ended June 30, 2015

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Coopera- tive Services
Revenues:				
State appropriations	\$ 932,172	2,370,866	1,105,239	-
Tuition and fees	987,486	1,515,624	223,798	116,580
Property tax	-	-	-	-
Federal appropriations	43,847	554,897	215,138	-
Interest on investments	-	-	-	-
Miscellaneous	-	34,108	-	48,111
Total revenues	1,963,505	4,475,495	1,544,175	164,691
Expenditures:				
Salaries and benefits	1,047,814	3,024,089	796,432	148,084
Services	38,663	115,178	138,499	2,274
Materials and supplies	43,663	203,197	48,689	1,582
Travel	19,242	22,545	39,258	8,862
Plant asset acquisitions	52,324	292,340	9,729	-
Interest on indebtedness	-	-	-	-
Miscellaneous	4,642	5,173	8,280	-
Total expenditures	1,206,348	3,662,522	1,040,887	160,802
Excess (deficiency) of revenues over (under) expenditures	757,157	812,973	503,288	3,889
Transfers:				
Mandatory transfers	-	-	-	-
Non-mandatory transfers	-	73,068	-	-
Total transfers	-	73,068	-	-
Net	\$ 757,157	886,041	503,288	3,889
Fund balances beginning of year				
Fund balances end of year				

See accompanying independent auditor's report.

General Adminis- tration	Support				Education and Support Total
	Student Services	Learning Resources	Physical Plant	General Institution	
207,257	-	-	-	-	4,615,534
-	101,259	-	6,204	-	2,950,951
679,795	-	-	-	-	679,795
-	58,481	-	-	-	872,363
188,425	-	-	-	-	188,425
59,389	-	3,607	-	5,233	150,448
1,134,866	159,740	3,607	6,204	5,233	9,457,516
305,384	540,186	115,366	476,700	395,938	6,849,993
49,945	70,553	8,587	503,752	292,986	1,220,437
14,347	40,638	28,985	195,636	25,286	602,023
25,351	6,092	-	-	11,563	132,913
2,491	10,961	50,204	9,353	15,624	443,026
94,556	-	-	-	-	94,556
1,797	-	-	8,643	3,137	31,672
493,871	668,430	203,142	1,194,084	744,534	9,374,620
640,995	(508,690)	(199,535)	(1,187,880)	(739,301)	82,896
(7,787)	-	-	-	-	(7,787)
-	-	-	-	-	73,068
(7,787)	-	-	-	-	65,281
633,208	(508,690)	(199,535)	(1,187,880)	(739,301)	148,177
					906,021
					<u>\$ 1,054,198</u>

Sample Community College

Schedule of Revenues, Expenditures and Changes in Fund Balances
Unrestricted Fund
Auxiliary Enterprises

Year ended June 30, 2015

	Bookstore	Food Services	Word Processing
Revenues:			
Sales and services	\$ 559,417	428,907	294,562
Miscellaneous:			
Student fee allocations	-	-	-
Total revenues	559,417	428,907	294,562
Expenditures:			
Salaries and benefits	21,401	111,885	178,399
Services	4,354	6,272	55,334
Materials and supplies	-	29,871	27,792
Travel	-	-	-
Plant asset acquisitions	14,213	12,839	37,650
Cost of goods sold	459,883	270,862	-
Total expenditures	499,851	431,729	299,175
Excess (deficiency) of revenues over (under) expenditures	59,566	(2,822)	(4,613)
Transfers:			
Non-mandatory transfers	(30,000)	-	-
Net	29,566	(2,822)	(4,613)
Fund balances beginning of year	237,544	127,138	257,438
Fund balances end of year	\$ 267,110	124,316	252,825

See accompanying independent auditor's report.

Central Stores	Athletics	Miscellaneous	Total
113,185	4,355	108,882	1,509,308
-	71,569	-	71,569
113,185	75,924	108,882	1,580,877
21,226	6,882	31,569	371,362
2,270	12,834	8,680	89,744
3,422	21,444	44,675	127,204
-	19,797	-	19,797
20,608	-	21,336	106,646
59,109	-	-	789,854
106,635	60,957	106,260	1,504,607
6,550	14,967	2,622	76,270
20,448	30,000	-	20,448
26,998	44,967	2,622	96,718
35,370	107,221	16,747	781,458
62,368	152,188	19,369	878,176

Sample Community College

Schedule of Revenues, Expenditures and Changes in Fund Balances
Restricted Fund

Year ended June 30, 2015

	Scholarships and Grants	Equipment Replacement	Insurance
Revenues:			
State appropriations	\$ 307,142	-	-
Property tax	-	103,018	49,738
Federal appropriations	1,288,556	-	-
Interest on investments	592	-	-
Iowa Industrial New Jobs Training Program	-	-	-
Miscellaneous	39,088	-	-
Total revenues	1,635,378	103,018	49,738
Expenditures:			
Salaries and benefits	-	-	-
Services	-	-	23,976
Materials and supplies	-	-	-
Travel	-	-	-
Interest on indebtedness	-	-	-
Awards to subrecipients	-	-	-
Federal Pell grant program	1,197,307	-	-
Federal supplemental educational opportunity grant	91,249	-	-
Iowa College Student Aid Commission	307,142	-	-
Private scholarships	39,851	-	-
Total expenditures	1,635,549	-	23,976
Excess (deficiency) of revenues over (under) expenditures	(171)	103,018	25,762
Transfers:			
Non-mandatory transfers	-	(115,166)	-
Net	(171)	(12,148)	25,762
Fund balances beginning of year	1,277	18,150	(20,181)
Fund balances end of year	\$ 1,106	6,002	5,581

See accompanying independent auditor's report.

Early Retirement	Unemployment Compensation	Cash Reserve	Workforce Investment Act	Temporary Assistance For Needy Families	Iowa Industrial New Jobs Training Program	Miscellaneous	Total
-	-	-	-	-	-	27,095	334,237
102,400	12,588	-	-	-	-	-	267,744
-	-	-	1,952,295	100,000	-	21,541	3,362,392
-	-	-	-	-	53,359	-	53,951
-	-	-	-	-	1,256,690	-	1,256,690
-	-	-	-	-	-	52,889	91,977
102,400	12,588	-	1,952,295	100,000	1,310,049	101,525	5,366,991
-	7,945	-	593,059	11,345	-	63,211	675,560
98,700	-	-	95,188	84,157	947,323	48,964	1,298,308
-	-	-	8,234	4,498	-	10,413	23,145
-	-	-	18,535	-	-	8,805	27,340
-	-	-	-	-	362,726	25,768	388,494
-	-	-	1,237,972	-	-	-	1,237,972
-	-	-	-	-	-	-	1,197,307
-	-	-	-	-	-	-	91,249
-	-	-	-	-	-	-	307,142
-	-	-	-	-	-	-	39,851
98,700	7,945	-	1,952,988	100,000	1,310,049	157,161	5,286,368
3,700	4,643	-	(693)	-	-	(55,636)	80,623
-	-	-	-	-	-	-	(115,166)
3,700	4,643	-	(693)	-	-	(55,636)	(34,543)
-	13,109	263,719	(6,941)	-	-	82,389	351,522
3,700	17,752	263,719	(7,634)	-	-	26,753	316,979

Schedule 7

Sample Community College

Schedule of Changes in Deposits Held in Custody for Others
Agency Funds

Year ended June 30, 2015

	Student Organizations	Iowa Small Business New Jobs Training Program	Federal Direct Student Loan Program	Miscel- laneous	Total
Balances beginning of year	\$ 97,485	26,647	-	-	124,132
Additions:					
State appropriations	-	48,628	-	-	48,628
Tuition and fees	96,443	-	-	-	96,443
Federal appropriations	-	-	984,677	-	984,677
Property tax	-	1,309	-	-	1,309
Sales and services	38,701	-	-	202,265	240,966
Interest on investments	-	1,630	-	-	1,630
Total additions	135,144	51,567	984,677	202,265	1,373,653
Deductions:					
Salaries and benefits	16,029	-	-	48,023	64,052
Services	11,857	21,002	984,677	45,598	1,063,134
Materials and supplies	16,846	-	-	20,201	37,047
Travel	9,201	-	-	-	9,201
Interest on indebtedness	-	3,752	-	-	3,752
Student fee allocations	71,569	-	-	-	71,569
Remittances to State treasury	-	7,500	-	-	7,500
Total deductions	125,502	32,254	984,677	113,822	1,256,255
Balances end of year	\$ 107,127	45,960	-	88,443	241,530

See accompanying independent auditor's report.

Sample Community College
Schedule of Credit and Contact Hours
Year ended June 30, 2015

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and Sciences	85,491	-	85,491	1,956,153	-	1,956,153
Vocational Education	44,355	-	44,355	1,432,722	-	1,432,722
Adult Education/Continuing Education	-	-	-	1,067,266	44,913	1,112,179
Cooperative Programs/Services	-	-	-	-	41,308	41,308
Related Services and Activities	-	-	-	3,127	103,233	106,360
Total	129,846	-	129,846	4,459,268	189,454	4,648,722

See accompanying independent auditor's report.

Sample Community College

Schedule of Taxes and Intergovernmental Revenues

For the Last Ten Years

	2015	2014	2013	2012
Local (property tax)	\$ 2,751,806	2,641,482	2,508,530	2,488,621
State	4,949,771	4,882,394	4,772,624	4,683,635
Federal	4,494,679	4,426,620	4,190,615	3,968,594
Total	<u>\$ 12,196,256</u>	<u>11,950,496</u>	<u>11,471,769</u>	<u>11,140,850</u>

See accompanying independent auditor's report.

Years ended June 30,					
2011	2010	2009	2008	2007	2006
2,466,844	2,401,311	2,367,714	2,355,818	2,299,614	2,211,786
4,666,801	4,630,091	4,592,788	4,581,445	4,501,899	4,487,164
3,944,550	3,902,333	3,877,222	3,833,477	3,792,832	3,744,010
11,078,195	10,933,735	10,837,724	10,770,740	10,594,345	10,442,960

Sample Community College

Schedule of Current Fund Revenues by Source
and Expenditures by Function

For the Last Ten Years

	2015	2014	2013	2012
Revenues:				
State appropriations	\$ 4,949,771	4,882,394	4,772,624	4,683,635
Tuition and fees	2,950,951	2,862,156	2,752,112	2,213,656
Property tax	947,539	909,551	864,013	846,131
Federal appropriations	4,234,755	4,284,405	4,149,616	3,936,593
Interest on investments	242,376	215,321	196,211	198,542
Iowa Industrial New Jobs Training Program	1,256,690	1,322,532	1,102,136	1,022,356
Auxiliary enterprises	1,580,877	1,421,326	1,400,962	1,256,695
Miscellaneous	242,425	234,221	231,326	220,216
Total	\$ 16,405,384	16,131,906	15,469,000	14,377,824
Expenditures:				
Liberal arts and sciences	\$ 1,206,348	1,148,903	1,083,871	1,023,625
Vocational technical	3,662,522	3,521,156	3,400,859	3,200,125
Adult education	1,040,887	1,003,221	1,225,152	1,192,262
Cooperative services	3,161,113	3,343,697	3,112,209	3,079,947
Administration	505,960	500,221	500,895	498,621
Student services	668,430	658,441	675,899	654,229
Learning resources	203,142	200,995	198,549	196,526
Physical plant	1,218,060	1,300,226	1,209,869	1,203,551
General institution	875,927	869,552	870,221	865,293
Auxiliary enterprises	1,504,607	1,350,260	1,330,914	1,193,860
Scholarships and grants	1,635,549	1,603,479	1,556,776	1,526,251
Interest on indebtedness	483,050	480,225	478,554	460,215
Total	\$ 16,165,595	15,980,376	15,643,768	15,094,505

See accompanying independent auditor's report.

Years ended June 30,					
2011	2010	2009	2008	2007	2006
4,589,962	4,544,063	4,498,622	4,408,650	4,386,606	4,342,740
2,169,383	2,147,689	2,126,212	2,083,688	2,073,269	2,052,537
829,208	820,916	812,707	796,453	792,471	784,546
3,857,861	3,819,283	3,781,090	3,705,468	3,686,941	3,650,071
194,571	192,625	190,699	186,885	185,951	184,091
1,001,909	991,890	981,971	962,331	957,520	947,945
123,561	1,219,245	1,207,053	1,182,912	1,176,997	1,165,227
215,812	213,654	211,517	207,287	206,250	204,188
12,982,267	13,949,365	13,809,871	13,533,674	13,466,005	13,331,345
1,003,153	993,121	983,190	963,526	958,708	949,121
3,136,123	3,104,761	3,073,714	3,012,239	2,997,178	2,967,206
1,168,417	1,156,733	1,145,165	1,122,262	1,116,651	1,105,484
3,018,348	2,988,165	2,958,283	2,899,117	2,884,622	2,855,775
488,649	483,762	478,924	469,346	466,999	462,329
641,144	634,733	628,386	615,818	612,739	606,611
192,595	190,670	188,763	184,988	184,063	182,222
1,179,480	1,167,685	1,156,008	1,132,888	1,127,224	1,115,951
847,987	839,507	831,112	814,490	810,418	802,313
1,169,983	1,158,283	1,146,700	1,123,766	1,118,147	1,106,966
1,495,726	1,480,769	1,465,961	1,436,642	1,429,459	1,415,164
451,011	446,501	442,036	433,195	431,029	426,719
14,792,616	14,644,690	14,498,242	14,208,277	14,137,237	13,995,861

Schedule 11

Sample Community College

Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures	New Loans and New Loan Guarantees
Direct:				
National Science Foundation:				
Education and Human Resources	47.076		\$ 215,800	-
U.S. Department of Education:				
Student Financial Assistance Cluster:				
Federal Supplemental Educational				
Opportunity Grants	84.007		91,249	-
Federal Work-Study Program	84.033		102,605	-
Federal Pell Grant Program	84.063		1,197,307	-
Federal Direct Student Loans	84.268		-	1,082,677
Total Student Financial Assistance Cluster			1,391,161	1,082,677
TRIO Cluster:				
TRIO_Student Support Services	84.042		42,036	-
TRIO_Upward Bound	84.047		23,352	-
Total TRIO Cluster			65,388	-
Total Direct			1,672,349	1,082,677
Indirect:				
U.S. Department of Labor:				
Iowa Workforce Development:				
Employment Service /Wagner-Peyser				
Funded Activities	17.207		196,200	-
Workforce Investment Act (WIA) Cluster:				
WIA Adult Program	17.258		1,509,020	-
WIA Youth Activities	17.259		152,444	-
WIA Dislocated Worker Formula Grants	17.278		43,224	-
Workforce Investment Act (WIA) Cluster			1,704,688	-
ARRA - Program of Competitive Grants for Worker				
Training and Placement in High Growth and				
Emerging Industry Sectors	17.275		200,831	-
Iowa Department of Education:				
Mine Health and Safety Grants	17.600		1,405	-
U.S. Department of Education:				
Iowa Department of Education:				
Adult Education - Basic Grants to States	84.002		213,733	-
Title I State Agency Program for Neglected and				
Delinquent Children and Youth	84.013		124,361	-

Sample Community College

Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expend- itures	New Loans and New Loan Guarantees
Indirect (continued):				
U.S. Department of Education:				
Iowa Department of Education:				
Career and Technical Education -				
Basic Grants to States	84.048		530,536	-
U.S. Department of Health and Human Services:				
Iowa Workforce Development:				
Temporary Assistance for Needy Families	93.558		100,000	-
Total Indirect			3,071,754	-
Total			\$ 4,744,103	1,082,677

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Sample Community College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

Sample Community College



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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Directors of
Sample Community College:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Sample Community College, Premium City, Iowa, and the aggregate discretely presented component units as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 24, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sample Community College's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sample Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Sample Community College's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of Sample Community College's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-14 and II-B-14 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sample Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an

objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted an immaterial instance of noncompliance or other matters which is described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Sample Community College's Responses to the Findings

Sample Community College's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Sample Community College's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

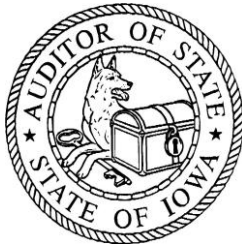
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Sample Community College during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

MARY MOSIMAN, CPA
Auditor of State

September 24, 2015



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

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Auditor of State

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**Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133**

To the Board of Directors of
Sample Community College:

Report on Compliance for Each Major Federal Program

We have audited Sample Community College's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. Sample Community College's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Sample Community College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sample Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Sample Community College's compliance.

Opinion on Each Major Federal Program

In our opinion, Sample Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of Sample Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sample Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the audit procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sample Community College's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified deficiencies in internal control over compliance we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items III-A-14 and III-B-14 to be material weaknesses.

Sample Community College's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Sample Community College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

MARY MOSIMAN, CPA
Auditor of State

September 24, 2015

Sample Community College
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Part I: Summary of the Independent Auditor's Results:

- (a) An unmodified opinion was issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.048 – Career and Technical Education – Basic Grants to States
 - Clustered Programs:
 - WIA Cluster:
 - CFDA Number 17.258 – WIA Adult Program
 - CFDA Number 17.259 – WIA Youth Activities
 - CFDA Number 17.278 – WIA Dislocated Worker Formula Grants
 - Student Financial Assistance Cluster:
 - CFDA Number 84.007 – Federal Supplemental Educational Opportunity Grants
 - CFDA Number 84.033 – Federal Work-Study Program
 - CFDA Number 84.063 – Federal Pell Grant Program
 - CFDA Number 84.268 – Federal Direct Student Loans
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Sample Community College did not qualify as a low-risk auditee.

Sample Community College
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-14 Records of Accounts – The Administrative Office maintains all accounting records for the College, including the subsidiary records for receivables and payables. Certain receivables in the Unrestricted Fund were not recorded in the accounts receivable subsidiary ledger. The subsidiary ledger and supporting documentation should provide sufficient evidential matter to identify and support both the source and amount of the receivables.

Recommendation – For better accountability, financial and budgetary control, the financial activity and balances of all receivables should be recorded in the accounts receivable subsidiary ledger.

Response – The Administrative Office will implement procedures to ensure all receivables are included in the subsidiary ledger.

Conclusion – Response accepted.

II-B-14 Financial Reporting – During the audit, we identified material amounts of receivables, payables and capital asset additions not recorded in the College's financial statements. Adjustments were subsequently made by the College to properly include these amounts in the financial statements.

Recommendation – The College should implement procedures to ensure all receivables, payables and capital asset additions are identified and included in the College's financial statements.

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Sample Community College
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

**CFDA Number 84.063: Federal Pell Grant Program
Federal Award Year: 2013
U.S. Department of Education**

III-A-15 Federal Pell Grant Program – Five applicants of twenty-five tested did not
(2015-001) have a final high school transcript or its equivalent based upon the file documentation and no other evidence of eligibility was available to support the awards, which totaled \$10,100.

Recommendation – The College should implement procedures to ensure required documentation is maintained. Also, the five instances cited should be reviewed with the U.S. Department of Education to determine an appropriate disposition.

Response and Corrective Action Planned – We will review procedures for records maintenance and contact the U.S. Department of Education regarding this matter.

Conclusion – Response accepted.

**CFDA Number 84.268: Federal Direct Loan Program
Federal Award Year: 2013
U.S. Department of Education**

III-B-15 Federal Direct Loan Program – Three applicants of twenty-five tested
(2015-002) were incorrectly awarded and disbursed unsubsidized Federal Direct Student Loans when the students were eligible for subsidized loans.

Recommendation – The College should implement procedures to ensure awards are properly disbursed. Also, the three instances cited should be reviewed with the U.S. Department of Education to determine an appropriate disposition.

Response and Corrective Action Planned – We will review procedures award disbursement and contact the U.S. Department of Education regarding this matter.

Conclusion – Response accepted.

Sample Community College

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-15 Certified Budget – Expenditures for the year ended June 30, 2015 did not exceed the amount budgeted.
- IV-B-15 Questionable Disbursements – No expenditures we believe did not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-15 Travel Expense – No expenditures of College money for travel expenses of spouses of College officials or employees were noted. No travel advances to College officials or employees were noted.
- IV-D-15 Business Transactions – No business transactions between the College and College officials or employees were noted.
- IV-E-15 Bond Coverage – Surety bond coverage of College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-F-15 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-15 Publication – The College published a statement showing the receipt and disbursement of all funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Section 260C.14(12) of the Code of Iowa.
- IV-H-15 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College’s investment policy were noted.
- IV-I-15 Credit and Contact Hours – Eligible credit and contact hours reported to the Iowa Department of Education by the College for the year ended June 30, 2014 were supported by detailed records maintained by the College, except for an understatement of 200 credit hours, as shown below:

	Reported	Total per Supporting Documentation	Difference
Arts and Sciences:			
Credit Hours	85,491	85,541	(50)
Contact Hours	1,956,153	1,956,153	-
Vocational Education:			
Credit Hours	44,355	44,505	(150)
Contact Hours	1,432,722	1,432,722	-

Sample Community College

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Recommendation – The College should develop procedures to ensure the report submitted to the Iowa Department of Education is supported by detailed records.

Response – The College will continue to monitor credit/contact hours to ensure all reports submitted are supported by the College's detailed records.

Conclusion – Response accepted.

Sample Community College

Staff

This audit was performed by:

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